

Message Text

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PAGE 01 STATE 042334
ORIGIN ARA-14

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DRAFTED BY ARA/ECA:STMYLES/RCGRAHAM

APPROVED BY D:THE DEPUTY SECRETARY

EB/ODF:FNASH (DRAFT)

HA:MBOVA (DRAFT)

TREASURY:ANACHMANOFF (SUBS)

S/P:JWALKER (DRAFT)

LA/SA:RWEBER (DRAFT)

LA/DP:DUPTON (DRAFT)

RA/ECA:RWZIMMERMANN

ARA:JBUSHNELL

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FM SECSTATE WASHDC

TO AMEMBASSY ASUNCION IMMEDIATE

CONFIDENTIAL STATE 042334

FOR AMBASSADOR WHITE

E.O. 11652: GDS

TAGS: EFIN, SHUM, PA

SUBJECT: IFI LOAN TO PARAGUAY

REF: ASUNCION 0358, ASUNCION 0610

1. THE U.S. WILL VOTE AGAINST THE \$33 MILLION IBRD LOAN
FOR THE FIFTH HIGHWAY PROJECT IN VIEW OF THE CURRENT
HUMAN RIGHTS SITUATION IN PARAGUAY.

2. THE IBRD BOARD IS EXPECTED TO VOTE ON THIS LOAN ON
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FEBRUARY 21. YOU SHOULD INFORM FOREIGN MINISTER NOGUES
THAT THE HUMAN RIGHTS SITUATION IN PARAGUAY DOES NOT
PERMIT US TO SUPPORT THE LOAN. AS YOU ARE AWARE, WE WERE
UNABLE TO SUPPORT THE TRANS-CHACO LOAN APPLICATION TO THE
IDB IN DECEMBER IN THE ABSENCE OF A SPECIFIC DATE FOR THE
IAHRC VISIT, AND THE LOAN WAS WITHDRAWN FROM CONSIDERATION
AT THAT TIME. THERE APPEAR TO BE NO SIGNIFICANT HUMAN

RIGHTS IMPROVEMENTS WHICH WOULD JUSTIFY AT THIS TIME AN AFFIRMATIVE VOTE FOR THE \$33 MILLION IBRD LOAN. WE WILL SHORTLY COMPLETE OUR REVIEW OF YOUR RECOMMENDATION FOR A NEW IFI LOAN STRATEGY.

3. THE FIFTH HIGHWAY PROJECT LOAN IS THE IBRD LOAN REFERRED TO IN PARA. 3 OF THE REFTEL. THE PROJECT WOULD ASSIST THE GOP IN: (A) UPGRADING A HIGH PRIORITY ROAD FROM CORONEL OVIEDO-TACURA-SAN ESTANISLAO; (B) STRENGTHENING AND EXPANDING THE CAPACITY OF THE MINISTRY OF PUBLIC WORKS TO ENSURE AN ADEQUATE LEVEL OF MAINTENANCE, INCLUDING THE RESEALING OF THE PARAGUARI-ENCARNACION ROAD; AND (C) CONTINUING THE STRENGTHENING OF TRANSPORT PLANNING AND COORDINATION. WE ARE POUCHING TO YOU COPIES OF THE LOAN DOCUMENT RECEIVED BY THE DEPARTMENT ON FEBRUARY 10.

4. IN YOUR MEETING WITH STROESSNER, YOU SHOULD TAKE NOTE OF THE ABOVE DECISION, BUT NOT SPECIFICALLY LINK OUR VOTE ON THIS LOAN TO THE IAHRC VISIT. RATHER YOU SHOULD STRESS THE FACT THAT THE BASIC HUMAN RIGHTS SITUATION REMAINS AS DESCRIBED IN OUR HUMAN RIGHTS REPORT TO CONGRESS. THEREFORE WE SUGGEST GOP WITHDRAW THE LOAN AND HAVE IT COME FORWARD AT A LATER DATE WHEN THE HUMAN RIGHTS SITUATION MAY PERMIT A MORE FAVORABLE ATTITUDE. IF IT COMES TO THE IBRD BOARD NEXT WEEK WE

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WOULD BE OBLIGED TO VOTE NO. VANCE

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NNN

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